

Decision **DRAFT DECISION OF ALJ BUSHEY** (Mailed 8/26/2002)

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Rulemaking on the Commission's Own Motion to  
Comply with the Mandates of Senate Bill 1712.

Rulemaking 01-05-046  
(Filed May 24, 2001)

**OPINION COMPLETING PROCEEDING AND CLOSING DOCKET**

**Summary and Background**

The Commission initiated this proceeding to respond to Senate Bill (SB) 1712 (Polanco, Ch.943, Stats. 2000), codified as Pub. Util. Code §§ 871.7 and 883, which requires this Commission to open an investigation into the feasibility of redefining universal telephone service to include high-speed internet access, and to report its findings to the Legislature. The legislation also requires that the Commission hold "public hearings that encourage participation by a broad and diverse range of interests from all areas of the state." (Section 883(a).)

The Commission held Public Participation Hearings throughout the state, and interested members of the public made their views known on the issues to be addressed in this proceeding. In the formal phase of this proceeding, the Commission received two rounds of generally well-researched and carefully reasoned comments from the formal parties. With this information, as well as the results of Commission staff work, the Commission prepared and submitted the required report to the Legislature on August 14, 2002. All formal parties were mailed a copy of the report on August 15, 2002.

**Summary of the Report**

In its report, “Broadband Services as a Component of Basic Telephone Service,” the Commission found that current conditions do not support including broadband services in basic telephone service. The Commission considered whether expanding the definition of basic service to include broadband was feasible, as defined in the statute, and concluded that it was not, primarily due to the resulting cost to be allocated to all other users, as well as the monthly price lifeline customers would be required to pay. The Commission recognized that low-cost basic telephone service is key to maintaining and increasing access to the Internet for all Californians. Most on-line Californians, regardless of income level, use dial-up services as their means to access the Internet. Basic telephone service is required for this access. Persons that cannot afford basic telephone service are denied this form of access, as well as essential telephone communication. In the report, the Commission concluded that it should maintain its commitment to keeping basic telephone service as affordable as possible, as well as expanding certain subsidy programs to enhance low-cost telephone access to certain groups.

**Further Actions**

In addition to taking comment on the changes proposed by SB 1712, the Commission also sought comment on the California Teleconnect Fund (CTF), a long-standing Commission program that provides telecommunication rate discounts to schools, libraries, medical clinics, and community-based organizations (CBO). Many CTF recipients successfully offer underserved communities access to the Internet through publicly available computers and Internet connections. The CTF assists schools, libraries, and other sites in offering these programs by reducing the costs of telecommunications services.

The Assigned Commissioner to this rulemaking, Geoffrey F. Brown, heard comments from the public and certain parties providing suggestions for expanding the CTF. In light of the possibility that the disparate levels of discounts—20% for hospitals, 25% for CBOs, and 50% for schools and libraries—may have played a role in the low level of participation by hospitals and CBOs, the Commission will consider whether the CTF rules should be modified to allow each group to obtain not only the same discount level, but also to have access to the same types and quantities of services at a discount. A draft decision presenting this proposal is expected to be available for Commission consideration in fall 2002.

In addition to the proposed changes to CTF, the Commission and its staff will continue to monitor and review the expanding role of the Internet in the economic, social, and civic life of Californians. The Commission continues to support efforts to enhance access to this important service.

### **Conclusion**

Having completed the work assigned by the Legislature in SB 1712 and provided the required report, the Commission has achieved the objectives of this docket. As noted above, other on-going actions will continue, albeit in other forums.

### **Need for a Hearing**

In its May 14, 2002 Order Instituting Rulemaking, the Commission announced that the procedural process for this docket would consist of two rounds of written comments from a broadly based group. Those comments also served as the parties' opportunity, under Rule 6(c)(2) of the Commission's Rules of Practice and Procedure (Rules) to respond to the need for a hearing. No party

sought a change of hearing determination pursuant to Rule 6.5(b). Therefore, as provided in Rule 6.6, Article 2.5 of the Rules ceases to apply to this proceeding.

**Comments on Draft Decision and Report**

The draft decision of Administrative Law Judge Bushey in this matter was mailed to the parties in accordance with Pub. Util. Code § 311(g)(1) and Rule 77.7 of the Rules. Comments were filed on \_\_\_\_\_ and reply comments were filed on \_\_\_\_\_.

**Findings of Fact**

1. The Commission completed the report required by SB 1712 and provided it to the Legislature.
2. The Commission will pursue issues related to SB 1712 in other forums.

**Conclusion of Law**

This proceeding should be closed.

**O R D E R**

Therefore, **IT IS ORDERED** that this proceeding is closed.

This order is effective today.

Dated \_\_\_\_\_, at San Francisco, California.